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THE BURDEN OF THE FORD FOUNDATION

The nation's largest grant maker is the focal point of debate about all that is right, and wrong, with American philanthropy

By KRISTIN A. GOSS

NEW YORK

IN RECENT MONTHS, the Ford Foundation has awarded grants to create advocacy centers for children in Nigeria, increase the number of Navajo Indians who become schoolteachers, explore obstacles to settling the Palestinian-Israeli conflict, study the effectiveness of the Norplant birth-control device among Bangladeshi women, help the Indonesian government give farmers more responsibility for local irrigation, and assist community-development efforts in San Diego.

Those wide-ranging grants, just a fraction of the \$300-million Ford expects to distribute this year, illustrate the paradox of the world's largest private grant maker:

► To its supporters, Ford is a shining example of



Ford President Franklin A. Thomas: "With appropriate respect for all that's gone before and building on all that's gone before, there is more intellectual horsepower in this place now than there has ever been."

organized philanthropy, quietly backing distinguished institutions and creating coalitions of nonprofits—and reaching out to other foundations—to try to solve some of the world's most difficult social problems.

► To its critics, it is a bureaucratic behemoth that has spread its resources so thin that it lacks the necessary focus to make deep and lasting progress in any area and has lost its leadership role in American philanthropy.

"The Ford Foundation has a superpower prob-

lem," says Craig Kennedy, a former president of the Joyce Foundation in Chicago. "For five decades, they have been the biggest and most powerful foundation in the United States. Everyone expects them to be the leader."

"In the field of philanthropy in the United States, we do need institutions that have vision and bring leadership," says Terry T. Saario, president of the Northwest Area Foundation and a former Ford program officer. "And I believe Ford over the last decade has lost some of those qualities, and it has created a void in the field for all of us."

"It's a funny place," says William M. Dietel, a former president of the Rockefeller Brothers Fund and a long-time board member of the Winrock International Institute for Agricultural Development, a Ford grant recipient in Arkansas. "Here is this giant in the field, and it seems to get more anonymous with every passing year. But the truth is that they're doing terrific work."

\$6.3-Billion in Assets, 1,400 Grants

Ford has assets of \$6.3-billion, employs 574 people, operates 17 offices on four continents, and made more than 1,400 grants and program-related investments totaling almost \$270-million last year. Its informational tax return is seven inches thick—more than three times the size of the Manhattan phone book.

Ford's vast wealth, power, and reach make it the focal point of debate on virtually every serious question facing foundations today. Among those questions:

► How can private grants improve human lives and influence public policy when the problems are deep and complex, foundation assets are meager relative to government budgets, and many big social

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Slower Japanese Giving

The drop in Japan's stock market (above) is likely to slow charitable giving by Japanese companies in the United States during the coming year. Story on Page 7.

United Way Salaries

The controversy at United Way of America is leading many local United Ways to reconsider the salaries and perquisites of their chief executives. Story on Page 27.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

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About Fund Raising

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- 23** Contributions to hospitals dropped 5.5 per cent last year, the second consecutive year to see a decrease.
- 23** The American Red Cross is starting a big fund-raising drive to replenish its disaster-relief fund.
- 14** Music-industry executives and celebrities have created a new non-profit to raise money for AIDS organizations.
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- 25** Update on campaigns for endowments and capital improvements.
- 14** The University of Michigan will receive \$30-million; other recent gifts.
- 26** Interest rates for planned gifts, issued by the Internal Revenue Service.

About Managing Non-Profits

- 27** Some local United Ways are re-examining the salaries and perquisites of their chief executives in the wake of the controversy over United Way of America. Others say they don't need to.
- 29** Connecticut is investigating whether a local United Way employee gave thousands of dollars worth of food vouchers to ineligible people.
- 14** Independent Sector has given national leaders a list of 13 things they could do to help non-profits.
- 35** Tax Watch: Reminders for non-profits on rules for tours, rulings on employment policies, restoration of an Oregon YMCA's property-tax exemption, an IRS "town meeting" for non-profits, a September 1 deadline for hospitals, and a tax-court ruling on a bum's rush.
- 26** A Chicago radio station advises charities on how to get attention from the news media (Ideas).
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- 35** Reports on charities by the National Charities Information Bureau.



JUDY WATSON TRACY, FOR THE CHRONICLE

Raising money for the arts in Orlando, Fla. **22**

About Foundations

- 1** Today's Ford Foundation presents a paradox: Is it a shining example of modern philanthropy or a bureaucratic behemoth that has spread itself too thin?
- 15** Issues of racial diversity and harmony dominated discussions at last week's meeting of the Council on Foundations.
- 17** A new report faults foundations for spending too little on programs for women and girls.
- 14** Grant makers in Pennsylvania have joined forces to support arts education.
- 16** A series of anti-abortion advertisements has focused unusual attention on the low-profile Arthur S. De Moss Foundation.
- 18** Recent grants by foundations, corporations, and other grant makers.

Of Special Interest to Board Members

- 22** Creation of an arts coalition in Orlando, Fla., relieved board members of individual organizations of some of their fund-raising responsibilities, but the trustees may have become too complacent. Donations dropped this year.
- 27** Some boards of local United Ways are re-examining the salaries and perquisites of their chief executives in the wake of controversy at United Way of America. Other boards say they don't need to engage in a review because they do so regularly.

About Corporations

- 7** Charitable giving by Japanese companies is likely to slow in the coming year, due to the drop in Japan's stock market.
- 14** The Federal Home Loan Mortgage Corporation, known as Freddie Mac, has joined forces with a national non-profit to increase the supply of low-cost housing.
- 18** The philanthropic arm of the Hospital Corporation of America has given out more than \$100,000 in grants to encourage more cooperation among charities.
- 29** A lawsuit filed by heirs to the Hormel meat-packing fortune could determine the future of a charity that bears the family name.

About Children and Youth

- 16** "Mentoring" programs that match adults with troubled children have posted only modest success, says a new report.
- 26** Children at a New York elementary school who have learning disabilities have been finding out how to make money—and give it away (Ideas).

About Volunteers

- 26** A Massachusetts United Way uses special buttons to thank its volunteers (Ideas).
- 14** Points of Light 744 to 755 were named by the Bush Administration.

Also in This Issue

- 36** **Opinion:** Marjorie F. Graham on the inequities in the United Way system and Leslie Lenkowsky on philanthropy and child welfare.
- 36** **Letters** on what makes a professional fund raiser, how to find tomorrow's non-profit leaders, the failure of a New York charity's magazine, getting information on salaries, and ignoble comments about a United Way leader.
- 30** **Books:** Reflections by the philanthropist Paul Mellon, advice for non-profits on using technology, and summaries of other new books and publications.

Corrections

- An article on a decision by the United Way of the Bay Area to cease its general support payments to local Boy Scouts councils (April 21) erroneously described conditions that organizations must meet to use the United Way name and logo. Local units are allowed to support groups that discriminate on the basis of sexual orientation.
- Because of incorrect information supplied by the Joint Federations Public Policy Partnership, *The Chronicle* omitted the names of two organizations that are participating in a program to help their member agencies deal with racial and cultural tensions (April 21). They are the Asian American Federation and the Hispanic Federation of New York City.

Study Faults Grant Makers for Directing Too Little Money to Women's Programs

Only 4.1 per cent of all foundation grants made in 1990 went specifically for programs to help women and girls, said a report issued last week.

The report, "Getting it Done: From Commitment to Action on Funding for Women and Girls," was released by Women and Foundations/Corporate Philanthropy, a group of foundation officials who concentrate on issues affecting women and minorities.

"There are specific needs for women that must be met but won't be met unless grants are earmarked for women," said Stephanie Clohesy, chair of the group's Action Research Committee.

"We haven't gone on record saying there should be some absolute amount earmarked for women, but you don't need to know what the absolute figure should be to know that 4 per cent is too low," said Ms. Clohesy, who is the program director for leadership, volunteerism, and philanthropy programs at the W. K. Kellogg Foundation.

The study also found a small increase in the number of women on foundation boards. Twenty-three per cent of the people on the boards were female last year. In 1989, the only other year for which the organization collected such numbers, 20 per cent of foundation board members were women.

A Fivefold Increase

Over the last decade, the amount of grant money specifically directed to benefit women and girls rose from \$37-million, in 1981, to \$184-million, in 1990. While the dollar value of grants increased approximately fivefold, the proportion of foundation grants going to women rose from 2.9 per cent in 1981 to just 4.1 per cent in 1990.

In each category of grants, the share earmarked for women represented a small portion of foundation grants. But in some categories, women received a higher percentage of grants than others.

Of the \$1.1-billion in foundation grants made to support education, \$26-million, or 2.3 per cent, worth of grants went to programs for women and girls. Of the \$44-million that went to civil-rights groups, programs for women received \$8.8-million, or 19 per cent. And among \$70.2-million in youth-development grants, programs for girls received \$14.8-million, representing 21 per cent of the total.

But giving to hospitals was more representative of foundation giving generally, where programs for women and girls received \$9.7-million, or 3.6 per cent of the \$269-million given.

Little in the Arts

Foundation grants for arts and culture programs represented one of the areas in which women received the smallest share, 0.4 per cent. For example, of the \$215-million foundations gave to performing-arts groups, \$458,000, or 0.2 per cent, went to programs benefiting women and girls.

The figures were drawn from *The Foundation Grants Index*, published by the Foundation Center. Since 1980, the Foundation

Center has tabulated the number of grants that have gone to certain types of people, including women and girls, men and boys, disabled people, people with AIDS, and members of minority groups, among others.

None of the groups receives a portion of foundation grants equal to their share of the nation's population, but many of the groups benefit indirectly from grants made to

other groups that serve the general public.

"If you look at special population groups, it's always going to look like a particular population group is being underfunded," said Loren Renz, the Foundation Center's director of research. For example, in 1989, the amount of money given directly to programs for men and boys was 0.8 per cent of all grants, a figure that clearly underestimates the amount of foundation

Attention Sought for Needs

money that goes to the male population, she said. Ms. Renz, who helped in the preparation of "Getting it Done," noted that the vast majority of grants are not earmarked for either women or men or for members of specific minority groups.

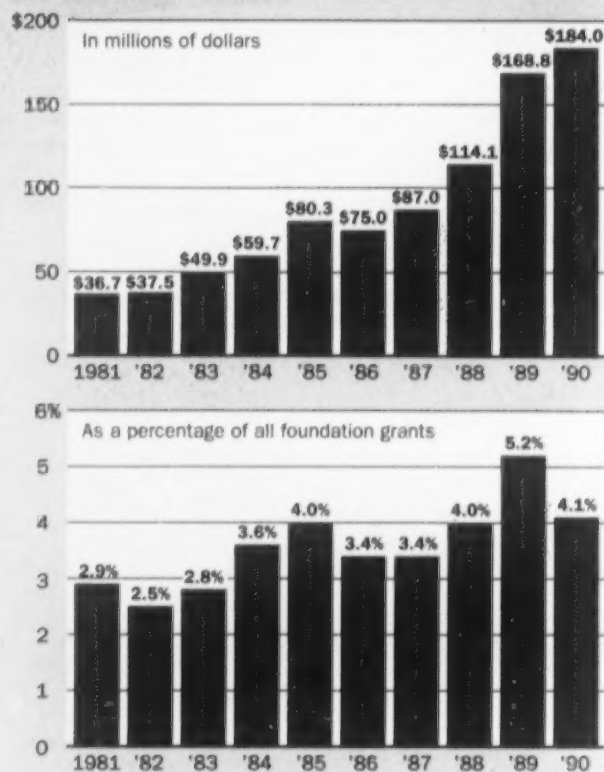
The Women and Foundations report noted that the amount of foundation money earmarked for women and girls did not represent all of the grants that benefit, in some way or another, the female population. "It certainly doesn't say that those are all the dollars that flow to women via grants," said Ms. Renz.

But the report's authors said that to improve their efforts to serve women, foundations must identify their special needs and make more grants that reflect that understanding. "You can't do it by being completely blind on gender issues," said Ms. Clohesy. "If you're giving money to community health centers, but you don't understand the particular needs of adolescent females or women with OB-GYN problems, then how are you meeting women's needs?"

Copies of "Getting it Done: From Commitment to Action on Funding for Women and Girls," are available for \$20 from Women and Foundations/Corporate Philanthropy, 322 Eighth Avenue, Room 702, New York 10010.

—VINCE STEHLE

Foundation Grants for Programs for Women and Girls



Note: Figures for 1989 and 1990 may not be comparable because of changes in calculation methods by the Foundation Center

SOURCE: Women and Foundations/Corporate Philanthropy

CHRONICLE CHART BY JUDY GRAGANIN

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signed within their organizations, or put on the staff of United Arts.

The organizers "felt that the community would save money by not investing in development officers in every shop," says Marina Grant Morissey, executive director of the Orlando Museum of Art, which this year received \$980,000 from the fund. "It made sense, from a corporate standpoint, to merge them together."

"What has proven to be the case is that a lot of donors want to deal with the staffs of the organizations they fund," adds Ms. Morissey. "There is a bond there, to the art form and the staffs, because the staffs talk the art form. They're the ones who know the most about it. And to talk with a generic fund raiser, who may not know the art form that the donors love and cherish, will dig deep to give to, may turn them off. They want to have their souls nourished when they write their check."

Financial Problems Spurred United-Fund Idea

Serious financial troubles facing numerous arts groups in central Florida spurred civic leaders here to consider the idea of a united fund. In 1988, the Florida Symphony Orchestra had a debt of more than \$1-million, and the Southern Ballet Theatre and the Orlando Opera Company each had deficits of more than \$100,000.

"Three or four of the organizations would have had to close their doors if something wasn't done," recalls Buell G. Duncan, Jr., chairman of Sun Bank, one of Orlando's biggest financial institutions, and a trustee of the arts fund.

Faced with that prospect, Mayor Bill Frederick called together a commission to determine how best the city's business and government leaders could save the major arts organizations. The commission suggested that a unified effort, involving all the leading arts organizations, would attract significantly increased support from businesses if the groups demonstrated an ability to contain costs, including a reduction in fund-raising expenses by eliminating staff members.

Companies and individuals who wanted to be represented on the board had to contribute \$100,000 each. For their part, arts groups had to submit their budgets to the arts fund for approval, in addition to cutting their operating costs.

"We really do scrutinize their budgets," says Mr. Duncan. "We want them to operate with a skim-milk budget, cutting out all the fat."

"If we are going to spend \$100,000 per year, we want to be sure that the organizations are operating on a businesslike basis, operating on pre-approved budgets, just like we have to."

Each arts organization is still required to raise part of the overall campaign goal, but it must do it without having any professional fund raisers on its staff. As a result, chief executive officers have taken on more fund-raising responsibilities, and other staff and board members are also expected to help solicit gifts. The groups also send direct-mail appeals to their patrons and distribute fund-raising flyers to members of their audience as they did before they became involved in the united fund. But now the proceeds go to United Arts first, not to the groups themselves.

Ban on Asking Corporations for Money

United Arts coordinates the remaining fund-raising efforts, from lobbying state and local governments to increase their arts aid to soliciting gifts from large corporations and wealthy individuals. The arts groups are banned from soliciting money from corporations on

Continued on Page 24

Donations to Hospitals Fell 5.5% Last Year as Corporations and Foundations Gave Less

BRESET BY A SHARP DROP in corporate and foundation support, hospitals across the country last year saw contributions fall 5.5 per cent, according to a new report by the Association for Healthcare Philanthropy.

Giving to hospitals fell for the second year in a row, reversing an upward trend that peaked in 1989. Total cash gifts fell to \$1.789-billion last year. The previous year, cash gifts to hospitals fell 2.5 per cent, from \$1.933-billion in 1989 to \$1.885-billion in 1990.

Grants from companies and private foundations decreased from \$606-million in 1990 to \$484-million in 1991, a 20-per-cent decline.

The downturn in corporate and foundation giving was largely offset by an increase in gifts by individuals, which rose 11 per cent, from \$1.07-billion to \$1.19-billion last year. But cash gifts from miscellaneous sources, such as other non-profit organizations, fell by 45 per cent, from \$209-million to \$115-million.

Overall giving, including cash, pledges, planned gifts, and non-cash gifts, such as gifts of medical equipment and supplies, was worth \$2.95-billion last year, a 1.7-per-cent decline from 1990.

Hospital fund raisers attributed the decline in foundation and corporate grants to a shift in priorities of grant makers and business leaders.

Less Sympathy for Hospitals

Many business executives, who are faced with dramatic increases in the cost of health-care benefits, have been less sympathetic to hospital fund-raising efforts during the past year, fund raisers say.

Many foundations are moving away from supporting traditional health-care facilities, like hospitals, to making grants for clinics and other facilities that provide health services to people who don't have access to medical care.

In addition, some large foundations, such as the Robert Wood Johnson Foundation and the Henry J. Kaiser Family Foundation, and corporations, such as AT&T, have announced that they are putting more money into efforts to persuade state and federal governments to make the nation's health-care system more efficient.

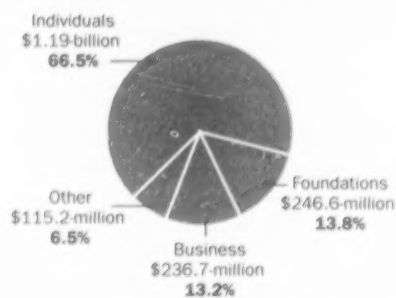
"One of the largest parts of a business budget is the cost of health benefits," says Gordon M. Caswell, president of the Baylor University Medical Center Foundation.

"Business leaders are saying, either directly or indirectly, 'If we're spending so much on the expense side for health care, why should we be giving

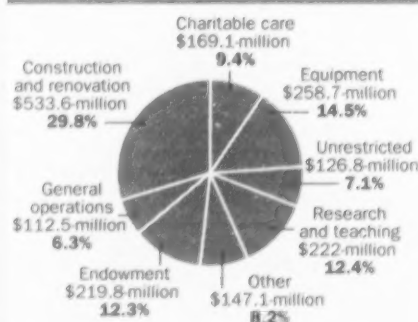
1991 Donations to Hospitals

Total Cash Gifts: \$1.79-billion

Sources of Gifts



How Gifts Are Used



SOURCE: Association for Healthcare Philanthropy
CHRONICLE CHART BY JEFF GRAGAN

it away? Until you learn how to bring your costs under control, why should we give more money to hospitals?"

Although some fund raisers might be inclined to spend more time cultivating corporations and foundations to improve donations from those sources, Mr. Caswell argues that hospital development officers would do better by concentrating on getting big gifts from wealthy people.

Last year, two-thirds of all gifts to hospitals came from individuals; foundations gave 13.8 per cent; corporations gave 13.2 per cent; and 6.5 per cent came from other sources.

The report was based on data from 401 hospitals. Copies of the "Report on Giving" may be ordered from the Association for Healthcare Philanthropy, 313 Park Avenue, Suite 400, Falls Church, Va. 22046; (703) 532-6243. The cost is \$25 for members, and \$50 for non-members.

—VINCE STEHLE

Red Cross Begins Drive to Rebuild Depleted Disaster Fund

Saying its disaster-relief operations are in "serious financial trouble," the American Red Cross has begun a \$30-million campaign to help recoup its losses from an unprecedented number of natural and manmade disasters over the past several years.

"Our ability to continue to provide people with the same high level of disaster relief is seriously threatened," said Elizabeth H. Dole, the Red Cross president. "We are coming to a tragic realization: Without people's help now, disasters could leave others helpless later."

In the first nine months of its current fiscal year, the Red Cross headquarters in Washington has spent \$47-million on disaster relief, nearly twice the amount that had been budgeted for the year. The charity said it has

had to borrow \$22.6-million from its reserves to aid victims of Cyclone Val in American Samoa, mud slides in Puerto Rico, and floods throughout Texas, Louisiana, and Southern California, among other disasters.

The organization has taken a number of cost-cutting measures, including a hiring freeze, big cuts in its travel budgets, a moratorium on major purchases, and, last month, the elimination of 204 jobs at its headquarters.

The Red Cross spent \$408-million during the past two fiscal years on disaster-relief operations, which included helping the thousands of victims of the Loma Prieta Earthquake in California and Hurricane Hugo.

Mrs. Dole said that the campaign will rely on major gifts from corporations and foundations, direct-mail solicitations, and special events.

—KRISTIN A. GOSS

Contributions to Arts Funds Down 2%

Contributions to coalitions that raise money for the arts fell by 2 per cent last year, marking the first downturn in support for such groups since 1975.

For 58 united arts funds reporting in 1990 and 1991, contributions dropped from \$83-million to \$81.4-million, according to a new study by the American Council for the Arts.

While most arts funds saw modest increases or decreases, the overall figure dropped in large part because of the poor showing registered in Orlando, where United Arts of Central Florida saw contributions plummet 30 per cent, from \$7-million in 1990 to \$4.9-million in 1991. The bad economy, a crippling symphony strike, and administrative problems in the Orlando fund caused many of the largest contributors to cut their gifts to the campaign. (See story on Page 22.)

Double-Digit Increases

A few funds saw double-digit growth last year, including Baton Rouge, La., where donations rose 17.5 per cent, and Asheville, N.C., which rose 17 per cent, while others saw equally steep declines, as in New Orleans, where contributions were off by 17.7 per cent, and Jackson, Tenn., where donations fell by 15.6 per cent.

Some fund raisers in cities where contributions fell said that the decline was the result of the recession and the Persian Gulf War.

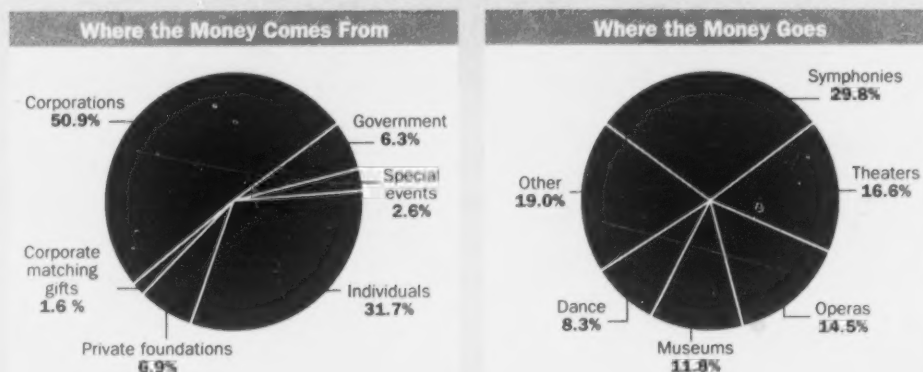
But other factors also hurt the funds. In some communities, state and local budget deficits forced governments to cut their contributions to the arts funds. And some corporations and foundations have shifted their grants away from the arts to deal with pressing social concerns.

Many united arts funds were established to coordinate corporate contributions to the arts in order to distribute money fairly to several groups, while at the same time reducing the number of requests reaching business leaders. Now, however, arts funds receive support from a variety of sources, including individuals, foundations, and state and local government agencies. Last year, 51 per cent of the money came from corporations, 32 per cent from individuals, 7 per cent from foundations, and 6 per cent from government agencies.

Symphonies Get the Most

The beneficiaries of united arts funds are often the leading arts and cultural organizations in their communities, including performing arts groups, museums, art schools, and other organizations. Last year, symphonies received the largest share of the donations, 30 per cent, a figure that reflects the fact that symphonies are often the largest arts organizations in their cities. Theaters received 17 per cent; opera companies, 15 per cent; museums, 12 per cent; and dance companies, 8 per cent.

1991 Giving to United Arts Funds



Top Tens

In Total Dollars Raised

Music Center of Los Angeles County	\$16,293,000
Milwaukee	6,250,000
Lincoln Center (New York)	5,317,600
Cincinnati	5,217,500
Orlando, Fla.	4,919,200
Louisville, Ky.	4,074,400
Woodruff Center (Atlanta)	3,788,400
Birmingham, Ala.	2,742,700
St. Louis	2,600,000
Charlotte, N.C.	2,356,000

In Per-Capita Giving

Winston-Salem, N.C.	\$5.93
Charlotte, N.C.	4.86
Wausau, Wis.	4.75
Orlando, Fla.	4.58
Louisville, Ky.	4.53
Birmingham, Ala.	4.21
Chattanooga, Tenn.	4.18
Fort Wayne, Ind.	3.73
Milwaukee	3.58
High Point, N.C.	3.54

In Total Dollars Raised from Individuals

Music Center of Los Angeles County	\$7,476,000
Cincinnati	2,976,700
Milwaukee	2,888,200
Louisville, Ky.	2,175,700
Charlotte, N.C.	1,312,700
Orlando, Fla.	1,048,900
St. Louis	1,013,000
Dayton, Ohio	691,700
Winston-Salem, N.C.	563,600
Oklahoma City	510,000

In Percentage Increase from 1990 to 1991

Baton Rouge, La.	17.5%
Asheville, N.C.	17.0
Battle Creek, Mich.	16.4
Wausau, Wis.	15.8
Lawton, Okla.	12.5
Harrisburg, Pa.	12.2
Erie, Pa.	9.4
Norfolk, Va.	8.8
Chautauqua County, N.Y.	8.5
Louisville, Ky.	7.2

In Percentage of Goal Raised

New Orleans	145.0%
Baton Rouge, La.	111.8
Battle Creek, Mich.	110.4
Birmingham, Ala.	109.7
Manchester, N.H.	107.5
Wausau, Wis.	105.6
Woodruff Center (Atlanta)	105.2
Cincinnati	102.6
Charleston, W.Va.	101.9
Seattle	101.5

In Total Dollars Raised from Business

Los Angeles Music Center	\$6,075,700
Lincoln Center (New York)	5,317,700
Woodruff Center (Atlanta)	2,876,600
Milwaukee	2,691,600
Seattle	1,923,600
Orlando, Fla.	1,779,700
Cincinnati	1,648,300
Louisville, Ky.	1,534,800
St. Louis	1,398,800
Hartford, Conn.	1,318,000

In Percentage Raised Compared to United Way

Milwaukee	24.0%
Louisville, Ky.	21.4
Fort Wayne, Ind.	18.6
Music Center of Los Angeles County	18.1
Birmingham, Ala.	15.2
Catawba County, N.C.	14.6
Battle Creek, Mich.	13.4
Winston-Salem, N.C.	13.3
Charlotte, N.C.	13.1
Cultural Center, Canton, Ohio	13.0

In On-the-Job Giving

Cincinnati	\$2,073,300
Louisville, Ky.	1,575,200
Charlotte, N.C.	1,181,500
Milwaukee	1,027,000
St. Louis	619,900
Winston-Salem, N.C.	551,800
Woodruff Center (Atlanta)	290,600
Fort Wayne, Ind.	243,000
Birmingham, Ala.	241,000
St. Paul	222,000

In Total Dollars Raised from Private Foundations

Music Center of Los Angeles County	\$1,119,000
Omaha	655,200
Cincinnati	421,400
Chattanooga, Tenn.	345,200
Woodruff Center (Atlanta)	282,500
St. Paul	257,900
New Orleans	257,000
Fort Worth	247,500
Fort Wayne, Ind.	244,600
Dayton, Ohio	211,200

SOURCE: American Council for the Arts

CHRONICLE CHART BY JOJO GRAGASIN

Raising More by Getting Rid of Fund Raisers

Continued from Page 23

their own, although board members of the groups are often asked to approach business officials on behalf of the united fund.

The arts fund has also conducted broad-based appeals to the general public, but so far these efforts have not paid off as well as campaigns in some other cities. The Orlando fund has received donations from 2,200 people, while the arts fund in Cincinnati, which raised about the same amount as Orlando over all, has 38,000 individual donors.

Most participants in the Orlando fund say it would not have moved forward so quickly or successfully without the intense personal involvement of Mr. Frederick, a popular Democrat in a largely Republican city. He is the rare politician, they say, who is willing to put his political prestige on the line on behalf of the arts at a time when many politicians have charged that the arts are a waste of public and private funds. He served as chairman of the campaign in its first year.

Giving Decline Causes Alarm

While the successful campaigns of the first two years made arts officials jubilant, last year's collection of \$4.9-million—a drop of 30 per cent from the year before—made them extraordinarily nervous.

The 1991 campaign was plagued with a variety of problems. Among them:

► A 17-week strike by musicians at the Florida Symphony annoyed many donors. Musicians said they wanted more money now that the arts drives had helped the orchestra retire its debt, but board members refused, saying they feared that donors would be alienated by increased spending on salaries. Arts-fund officials say donors were indeed annoyed, but some symphony officials say they think donors simply used the strike as an excuse not to give.

► The arts fund's staff was reduced from nine in 1989 to five in 1990, and then to two in 1991. The executive director who had been hired to run the 1991 campaign resigned before the campaign got under way because she was disappointed that the job involved more fund raising than public relations. Mayor Frederick took on other commitments and devoted less time to the fund. Grace C. Lindblom, president of a local computer-software business, took over as volunteer chairman and was credited by many observers with doing as much as possible to avert a campaign disaster. However, says the leader of one arts institution, who asked to remain anonymous, "when the Mayor took on other leadership positions, his absence was detrimental to the campaign."

► Many of the companies and wealthy individuals who had made big gifts to the fund suffered severe economic problems because of the recession and were forced to cut back their giving. "It's a simple question of economics," says Mr. Duncan, the bank chairman. With

events, and some operate arts-education programs. Staffing at the funds varies widely, from one employee in Norfolk, Va., to 37 employees at the Music Center of Los Angeles County, which conducts a centralized fund-raising campaign for the four performing arts groups that operate in the center, as well as for community education programs conducted by the center.

With its 37 employees, the Los Angeles Music Center also raises

the most money, by far. Last year, the center took in \$16.3-million, compared to \$6.2-million raised by the second largest arts fund, the United Performing Arts Fund, in Milwaukee.

Copies of the report, "United Arts Fundraising: 1991," may be obtained for \$100 each from the American Council for the Arts, 1 East 53rd Street, New York 10022-4201; (212) 223-2787.

—VINCE STEHLE

the failure of American Pioneer Savings Bank, whose chairman was one of the founding trustees, and with the decline of other businesses, it's no surprise that some trustees had to pull out, Mr. Duncan says.

In addition to those troubles, last year's campaign was harmed by a problem that may raise serious questions about the unified-fund concept: Staff members and volunteers from the arts groups brought in only \$700,000 last year, compared to \$1.1-million in 1989.

Some arts officials say that once the united arts fund began raising significant amounts of money, some board members and other volunteer supporters of the individual organizations thought they were no longer responsible for raising money at all, even though the groups were expected to help meet the campaign's goals. At the opera company, says Robert Swedberg, who became its general director in October 1990, "the board of directors got kind of complacent."

In fact, he says, one of the reasons he took the job in Orlando was because it had a united arts fund. "I had the perception of a fund that would eliminate the need for constant fund raising," says Mr. Swedberg, who previously worked for the Syracuse Opera. "It must have been a great relief to the board members not to have to go out asking for money all the time."

Besides, he says, local news coverage of the strong response to the first two, highly successful campaigns probably gave the arts groups a false sense of security. "We might have suffered from having press that was overly enthusiastic," he says.

Changes in This Year's Drive

As united-arts-fund leaders prepare for the drive that will open this month, they are determined not to repeat last year's experiences.

This year the Mayor is once again chairman of the campaign. And United Arts has a full-time president, James L. Schott, running the day-to-day operations of the campaign office. Mr. Schott was, until February, superintendent of schools, where he oversaw a budget of more than \$900-million. Consequently, arts-fund participants say, they expect him to bring a sharp eye for finance and management to the campaign.

Mr. Schott says the arts fund will attempt to increase the number of trustees from 19 to 23, and already



Kip Watson, general manager of the Southern Ballet Theatre in Orlando, Fla.: His group had a deficit of more than \$100,000 before the city decided to create a unified fund-raising effort for the arts.

21 have pledged to participate. At the same time, he says, the arts fund will focus its efforts on two other areas of fund raising: person-to-person solicitation of large gifts and broadening the base of donors by starting on-the-job drives. Taken together, Mr. Schott hopes that increases from all sources will help the fund reach its \$6.2-million goal.

United Arts is also getting help from the Heart of Florida United Way here. United Arts is relying on United Way's expertise in fund raising and communications to develop campaign brochures and volunteer-training programs, among other things.

Arts-fund officials say they don't expect the recent controversy at United Way of America to cause a problem because the Orlando United Way has done a good job of showing its autonomy from the Alexandria, Va.-based trade association. The relationship between the arts fund and the United Way is uncommon; in many cities, United Way officials regard arts funds as competitors.

Mr. Schott says that if United Arts is successful in stabilizing the community's arts groups, more companies will choose to move to the area, ultimately benefiting the United Way campaign. "It's in both our interests to attract more producers of goods and services to Orlando," he says.

"People who now look at it as a competition will come around," says Sun Bank's Mr. Duncan. "Eventually, I would like to see—and this sounds like heresy to some United Way people—one solicitation per year. You could designate a certain percentage to United Arts and a certain percentage to United Way. And I'm speaking as a past chairman of United Way."

Review Planned

After the 1992 campaign, United Arts will begin a long-term strategic review. Officials at several of the arts groups say that United Arts should look again at the ban on professional fund raisers at the individual organizations.

"I put a high value on the abilities of professional fund raisers," says Benjamin Greene, executive vice-president of the symphony. "They usually generate significant multiples of their own salaries, and

the success of the campaign depends upon that."

United Arts officials say they are willing to reconsider. "Whether the individual groups need to have a development person on staff, that's something we need to re-examine," says Mr. Schott.

Some of the leaders of smaller arts groups in the Orlando area say they hope United Arts will consider their needs.

"I wish it could be more inclusive," says Lee Bailey, executive director of the Crealde School of

Art in Winter Park, which last year received \$25,000 of its \$300,000 budget from the Arts Services Council. While Ms. Bailey says that the system is a step in the right direction, she believes it should support smaller, less established institutions to a greater degree.

Mr. Schott says that United Arts will re-evaluate its grant-making process, but that it may not be possible to provide enough support for all the groups that deserve it. "Ultimately, I suspect that the answer is going to be some expansion of

the major funded groups and a much greater emphasis on the Arts Services Council to fund smaller groups," says Mr. Schott. "But the seven major groups could make the argument that they need even more support before the fund is expanded."

Since United Arts was established, most attention has focused on the fund's performance in raising money. But many of the arts officials involved say that one of its greatest benefits has been fostering increased cooperation between cultural institutions.

"The nice thing is everyone talks to one another," says Kip Watson, general manager of the Southern Ballet Theatre.

In fact, all of the major groups get together with United Arts leaders every two weeks during the campaign, and less regularly throughout the rest of the year, to coordinate fund-raising efforts. As a result, many of the groups have established cooperative programs beyond fund raising. For instance, next season the ballet and the Bach Festival Society will collaborate to stage a performance of Carl Orff's "Carmina Burana."

"There's more cooperation here than I've seen anywhere else, because we're all in the same boat," says the opera's Mr. Swedberg. "We have to be team players for this to work," he says. And the camaraderie extends beyond the work of the arts groups. "As a matter of fact, Kip Watson has even become my bass-fishing buddy."

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
Brown U. (R.I.)	April 1992	Dec. 1995	\$450,000,000	\$163,000,000
Butler U. (Ind.)	Oct. 1988	Spring 1994	75,000,000	50,000,000
Fox Chase Cancer Center (Pa.)	Sept. 1990	Jan. 1992	12,500,000	12,500,000
Mount Holyoke College (Mass.)	Sept. 1986	Dec. 1991	125,000,000	139,400,000
Newark Academy	Sept. 1989	Dec. 1994	10,000,000	7,050,000
Texas A&M U.	Sept. 1990	Aug. 1996	500,000,000	185,000,000
Thirteen/WNET (N.Y.)	April 1992	Open	65,000,000	21,000,000

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The Ups and Downs of Orlando's Arts Fund

In billions



SOURCE: United Arts of Central Florida
CHRONICLE CHART BY JOJO GRACIASIN

MANAGING

Governance and Regulation

A Closer Look at Pay and Perks

Controversy at United Way of America leads some, but not all, local units to consider reducing executives' benefits

By BRUCE MILLAR
and JENNIFER MOORE

SOME of the nation's largest United Ways are reconsidering the salaries and perquisites they provide to their chief executives. Many United Ways are also stepping up efforts to explain their compensation and benefit policies to the public. Those moves come as local United Ways try to calm donors in the wake of revelations about the use of first-class air travel and limousines by William Aramony, United Way of America's former president.

"One of the lasting perceptions that will come out of the United Way scandal is of fat cats and big spenders," says John M. Stafford, a spokesman for the United Way of the Bay Area in San Francisco. "We want to make absolutely certain that we are doing everything possible to counteract that perception."

Cars and Club Memberships

At all of the country's 10 largest United Ways, top executives are given a car or a car allowance. In addition, most of those United Ways have traditionally provided a paid membership to a local business or luncheon club, according to a survey by *The Chronicle of Philanthropy*. However, since the controversy erupted over Mr. Aramony's compensation and perquisites, three large United Ways—in Cleveland, Houston, and New York—have announced plans to drop club memberships as a paid benefit.

At least five United Ways are conducting reviews that could lead to reductions in the salaries paid to top officials. They are United Way Inc. in Appleton, Wis., United Way of New York City, United Way of Northeast Florida in Jacksonville, United Way of the Mid-

lands in Columbia, S.C., and United Ways of Tri-State, a partnership of 35 United Ways in Connecticut, New Jersey, and New York.

Other United Ways, including the United Way of Metropolitan Atlanta, are re-examining their management practices.

Jay Smith, former chairman of the United Way board in Atlanta and publisher of *The Atlanta Journal/The Atlanta Constitution*, says that the board assembled a volunteer committee of current and past board members and several top financial officers at local companies to review how expenses are authorized and recorded. "We said, Even though we have in hand, still fresh and warm, an audit from Arthur Andersen [the accounting firm] that shows a perfectly clean bill of health, would you just take a look at our procedures and see if there's anything that just doesn't pass the smell test?" he says.

"I think what we're doing, frankly, is putting on a hair shirt," says Mr. Smith. "And we're itching. We may even be itching in some places that we might not otherwise be concerned about."

Not all big United Ways agree that they need to make extensive changes to soothe donors. Board leaders and chief executives of many local United Ways say they believe the salaries and fringe benefits provided to senior officials are appropriate and that they have been closely monitoring such spending for years.

Susan W. Catherwood, chairman of the board of the

United Way of Southeastern Pennsylvania in Philadelphia, says benefits—a car with a cellular phone and a membership in the Union Club luncheon group—provided to President Ted L. Moore are essential for him to do his job. She also says Mr. Moore's \$193,000 salary is appropriate to the responsibilities of the job.

"We're not planning a review because we review it every year," she says. "We think the salary is in line with the job that we depend on the president to perform. We really need a top administrator."

Other local United Way leaders say donors aren't terribly concerned about the salary and perquisites provided to local United Way leaders. They say that the concern comes only from the press and from some United Way staff members who have been upset to discover how much chief executives receive.

"The only reaction we've had concerning salaries has been calls by the press," says Burt K. Fischer, general campaign chairman this year for the United Way of the National Capital

Area in Washington. Mr. Fischer, regional managing partner for the accounting firm Grant Thornton, is on the committee that reviews salaries and benefits for United Way executives in Washington.

Perhaps no local United Way has been as generous to its top official as has the United Way of New York City. It has provided its chief executive, Ralph A. Dickerson, Jr., with a \$4,700-a-month apartment on the Upper East Side and paid \$1,200 a year for a membership at the

Continued on Page 28

"If you're asking people making \$15,000 to \$20,000 a year to contribute . . . there cannot be any rationale for using that money to provide fringe benefits."

Salaries and Benefits of Chief Executives at the 10 Largest United Ways

	1991 contributions	Chief executive's salary	Chief executive's fringe benefits	Perquisites	Salary or perquisites under review
Atlanta	\$54,049,928	\$170,000	\$12,646	Membership in downtown business club; primary use of a car.	No
Chicago	105,581,000	195,000	4,763 ¹	Membership in the Chicago Club, a downtown business club (\$1,500 per year); \$4,200 auto allowance; \$75 per month parking allowance.	No
Cleveland	51,306,000	184,500	12,500	\$12,500 initial membership in Chagrin Valley Country Club, paid in 1986 (director has paid annual dues except a total of \$537 for November and December 1991); membership in two downtown clubs: Union Club (\$5,000 initiation fee) and University Club (\$300 per year); leased 1992 Ford (\$535 per month).	Yes
Detroit	62,700,000	201,490 ¹	14,315 ¹	Membership in downtown business club (no annual fee); leased car.	No
Houston	64,003,621	172,800	13,659	Membership in Houston Club, business leaders club (\$100 per month) ² ; 1990 Oldsmobile Ninety-Eight provided.	No
Los Angeles	88,391,000 ³	190,000	19,000	\$750 per month car allowance.	No
New York City	77,600,000 ³	220,000 ⁴	47,933 ¹	New York apartment at \$4,770 per month; \$1,200 annual membership in Marco Polo Club, a luncheon club; leased Lincoln Town Car (\$563 per month) and driver. ⁵	Yes
Philadelphia	55,220,000	193,000	13,315	Membership in the Union League, a downtown club (fees \$1,500 per year); 1991 Ford Crown Victoria sedan (used by president and other staff as needed); car phone.	No
San Francisco	59,008,528	161,785	38,331	1990 Thunderbird provided.	No
Washington	74,895,519	196,000	35,165 ¹	International Club membership (no fee); Chevrolet station wagon provided.	No

¹ Fiscal year 1991 figures; all other salary and fringe benefit figures are for 1992.

² Club membership has been canceled because interim president felt it was no longer needed.

³ 1990 total; 1991 campaign is not completed.

⁴ Current base salary. Last year's salary of \$243,333 included two bonuses.

⁵ United Way no longer pays for apartment and club membership. Car and driver are not being used.

Some United Way Units Take Closer Look at Pay and Perquisites of Their Chiefs

Continued from Page 27

Marco Polo Club, a downtown luncheon club. Mr. Dickerson announced in March that he was discontinuing both after local newspapers reported on them.

Mr. Dickerson, who earns \$220,000 in salary, has also had a driver and a \$563-per-month allowance to lease a Lincoln Town Car, although neither is currently being used, according to Amanda C. Bowman, senior vice-president for communications.

Ms. Bowman says Mr. Dickerson asked the board to stop paying for both the club membership and the apartment, which he used when business functions kept him in town late at night, because "he wanted to avoid them becoming a focus and detracting from the mission of the organization." His home is in Kingston, N.Y., a two-hour drive from downtown New York City.

Mr. Dickerson, who declined to discuss his salary and benefits with *The Chronicle of Philanthropy*, has also asked the board to hire two accounting firms to review the United Way's management and executive salaries and benefits to determine whether they are appropriate.

Club Membership Dropped

Concern about public reaction prompted Cleveland's United Way Services to stop paying for its president's membership at the Chagrin Valley Country Club after news reports in February criticized the spending practices at the United Way of America.

In 1986, the Cleveland United Way paid \$1,250 for its president, Jack C. Costello, to join the club. Mr. Costello, however, had been paying the monthly dues himself until the board decided at the end



Jay Smith, former chairman of Atlanta's United Way: "I think what we're doing, frankly, is putting on a hair shirt. And we're itching."

of last year to assume the payments. The board and Mr. Costello reversed the policy in the wake of public criticism of Mr. Aramony's expenses.

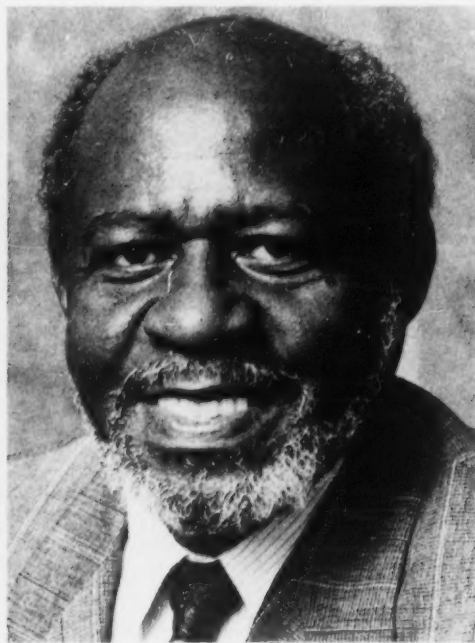
"He just thought it would be a better image to pay it himself," says Dan Mitziga, senior vice-president of fund raising and marketing at the Cleveland United Way. "He just felt, if that is going to be a negative, let's erase it."

At United Ways that provide club memberships to their senior officials, leaders say they use the clubs to meet with local business leaders. They explain that top executives also need cars or car allowances because they are frequently required to travel to meet

with United Way-supported agencies and with donors. The United Way of Greater Los Angeles, which gives its president a \$750-a-month car allowance, serves a 5,300-square-mile area. Several United Way officials say that owning a car provides the cheapest means of transportation.

Hard-Line Policy

Herbert L. Carter, president of the Los Angeles United Way, says he established a hard-line perquisites policy—including doing away with club memberships paid by the organization—when he took the job in January. "It's very simple.



Herbert L. Carter, head of the Los Angeles United Way: "It's very simple. There is no perk that should be available that is not absolutely job-required."

To me, there is no perk that should be available that is not absolutely job-required," he says. Mr. Carter will earn a \$190,000 salary this year.

"If you're asking people making \$15,000 to \$20,000 a year to contribute money to a charity for the purpose of improving the lives of people who are destitute, poor, or elderly, there cannot be any rationale for using that money to provide fringe benefits," says Mr. Carter.

Jim Williamson, Southeast regional director for United Way of America, says he is encouraging all United Ways to review their management practices. "This can be a great opportunity to prove to the public what [local United Ways] and we have been saying all along: that the local United Ways are among the most accountable of all charities in the business," he says.

As a rule of thumb for determining appropriate salaries and benefits, Mr. Williamson suggests: "You need to ask, What is it you could live very comfortably with if it's published in the newspaper?"

Betty S. Beene, president of the United Ways of Tri-State, has asked her board to hire an outside consultant to compare her \$228,000 salary and \$32,067 in fringe benefits, as well as the salaries and benefits of other senior staff members, to those paid by other non-profit executives in the New York area. That report is expected in early June.

Possible Move From Park Avenue

Like many United Ways, the Tri-State group is looking at other ways to cut its operating expenses. Ms. Beene says the group is considering relocating from its Park Avenue offices, where the annual rent is \$658,832.

In Chicago, Jack Prater, president of the United Way/Crusade of Mercy, asked his board to conduct a special, internal study of employee benefits, the findings of which will be presented to the board's finance committee later this year. One fringe benefit that may be

eliminated is Mr. Prater's membership in the Chicago Club, which costs \$1,500 a year.

Mark Knickelbine, director of public affairs and marketing, says the United Way pays for the membership because it uses the club for meetings, but he says that the organization may change that policy because the club is not used often enough to justify the expense.

Cuts in Conferences

Mr. Knickelbine says board members are considering other cuts in spending on conferences and training for staff members and volunteers, not because of the United Way of America controversy, but because of disappointing results from last year's campaign. The 1991 drive raised \$105-million, only 2 per cent more than last year.

He says Chicago officials are worried that the negative publicity about United Way of America will hurt this fall's campaign. "When this hit, this necessitated a different tack," including changing the focus of brochures and volunteer training films, says Mr. Knickelbine. "There is going to be more focus on how the United Way works, how the decisions get made, and who makes them."

Says Ms. Bowman of the United Way of New York City: "What you're selling to donors is faith and trust, and this controversy has eroded that trust. What we have to do now is seize the moment and regain that trust. We want to provide as much information on what

"One of the things charities need to keep in mind is how donors will feel about compensation, benefits, and perks."

we're doing and really set our own house in order.

"I think it's been necessary to apologize, and we've done that to our donors."

The 'High-Living Question'

While some of the largest United Ways have taken steps to reduce fringe benefits for top executives, few have gone as far as United Way of America. In March, Kenneth W. Dam, the interim president, banned the use of first-class air travel, limousines, and portable phones, and he said the organization would no longer pay for country-club memberships for its employees. He also ordered the sale of all three cars that had been used by senior officials.

Mr. Dam said the cuts were meant to counter the "high-living question" surrounding United Way of America. Many United Ways, including some of those that raise the most money, are withholding their dues to United Way of America because they say they are concerned about the organiza-

United Way Drives Barely Match Inflation but Are Still Expected to Set a Record

Contributions to United Ways across the country are barely keeping pace with inflation, but donations are still expected to exceed last year's record \$3.1-billion.

Through mid-April, United Ways have raised \$2.5-billion, 3.1 per cent more than they had raised by this time last year. Although most of the country's 2,100 United Ways have finished their drives, several big United Ways have not yet completed their campaigns.

Tony De Cristofaro, a spokesman for United Way of America, said officials are expecting the final contributions total to be higher than last year's \$3.1-billion. At this point, the 3.1-per-cent campaign growth is just below the current 3.2-per-cent inflation rate.

"While we are going to be growing, I think the growth is going to be slower than in the previous year," he said.

The 3.1-per-cent increase—a drop from last year's 4.4 per cent—reflects the weak econo-

my, not the national publicity surrounding the salary and spending practices of William Aramony, the former president of United Way of America, said Mr. De Cristofaro.

Most United Ways concluded their campaigns in November, about three months before news reports about United Way of America triggered an outpouring of public criticism.

Some Cancellations of Pledges

"While the growth rate is down from the year before, we were anticipating that economic conditions would be difficult when we started," Mr. De Cristofaro said.

He said local United Ways had reported "some" pledge cancellations by donors in the wake of the controversy but the total number was not "substantial." He said the organization did not have any figures on how many pledges had been canceled.

The preliminary results were based on campaign totals from 937 of 1,908 United Ways ex-

pected to participate in an annual United Way of America survey.

Among those not included in the preliminary estimate was Chicago's United Way/Crusade of Mercy, which raised \$105,581,000, a 2-per-cent increase over the 1990 total. The drive ended in late March.

Edward S. Bottum, managing director of Chase Franklin Corporation and chairman of the Chicago United Way's board of directors, blamed the sluggish results on layoffs at many local businesses.

"Given the business environment, we thought we had an outstanding effort," he said.

Campaigns for two other large United Ways, in Los Angeles and New York, have been extended until the end of this month.

The two United Ways said they had extended their drives because the United Way of America controversy and poor economic conditions had caused contributions to be sluggish.

—BRUCE MILLAR

tion's accountability and spending practices. About one-third of the 139 United Ways that raise more than \$4-million are now paying full or partial dues, said Tony De Cristofaro, a United Way of America spokesman.

Rules Difficult to Set

Charity experts say it is difficult to set rigid rules about appropriate salaries and benefits. But the reports about financial practices at United Way of America have sparked a debate over what should be considered extravagant spending, says Eleanor Brilliant, associate professor of social work at Rutgers University and author of *The United Way: Dilemmas of Organized Charity*.

"My guess is that every large United Way has a history of large expenditures for perks for its top staff, and that's a pattern," she says. "I don't want to say it's excessive because it varies with each individual United Way."

United Ways and other charities need to look not only at how necessary perks or benefits are to their organizations, but also at how they will be perceived by the public, says Bennett M. Weiner, vice-president for the Philanthropic Advisory Service of the Council for Better Business Bureaus. "One of the things charities need to keep in mind is how donors will feel about

compensation, benefits, and perks," he says.

Kenneth L. Albrecht, president of the National Charities Information Bureau, notes that it is not easy to determine the legitimacy of perquisites that big United Ways provide to their top executives. He says cars and club memberships, for example, may be needed, but their benefits should be weighed against their expenses. Less expensive options, such as public transportation, should also be considered, he says.

Providing housing, however, is harder to justify, says Mr. Albrecht, especially when, as in New York, it is an apartment that is used only occasionally and not as the primary residence for the top executive. "The burden of what you have to do to prove a need for that is pretty substantial," he says. "If you are getting caught in town a certain number of late nights, you can stay at a hotel."

Mr. Albrecht says all United Ways are going to have to justify their expenses to donors. "I think there are a lot of people who feel that they lived high on the hog, or at least some of them did," he says. "And I think a lot of these things will probably end up being reconsidered."

Elizabeth Greene contributed to this article.

IN BRIEF: Managing

Hormel Foundation Sued Over Heirs' Investments

A lawsuit filed by heirs to the Hormel meat-packing fortune against the foundation bearing the family name has sent a shiver through the Austin, Minn., hometown of Geo. A. Hormel & Company.

At stake: control of the Hormel company and of the foundation, which supports local charities.

The Hormel Foundation, a public charity, administers the heirs' 12 trusts, which hold 37.5 per cent of the company's stock, the largest single block. The foundation itself controls 3.2 per cent of company stock. Its board includes representatives of local charities and former and current senior officials of the Hormel Company, including its current chief executive officer, Richard L. Knowlton.

The heirs—who are active philanthropists in their home states of Arizona, California, and Idaho—have charged that the composition of the foundation's board creates a conflict of interest that has kept the trusts from being administered in their best interests.

In the lawsuit, filed in Mower County District Court, the heirs charge that the foundation board has refused to diversify their holdings, costing them a lot of money that they could be spending on their own philanthropy. The heirs want the bulk of the Hormel stock to be sold, and seek damages of \$100-million.

In a statement, the fund said the trusts' ownership of "a maximum

amount" of the company's common stock is faithful to the wishes of the company's founder, George A. Hormel, and his son, Jay, who wanted to keep the company independent and locally controlled.

The Hormel Company and the citizens of Austin are concerned that if the heirs' stock were sold, the company could fall prey to a hostile takeover by a large corporation based elsewhere. They worry that the company's new owners would redirect the foundation's grants, depriving the community of its major source of philanthropic giving.

United Way in New Haven Under State Investigation

The state's attorney's office in Connecticut is investigating allegations that an employee of the United Way of Greater New Haven may have distributed thousands of dollars worth of food vouchers to ineligible people.

The allegations involve federal food assistance from 1991 and not private contributions, said Douglas L. Higgins, the United Way's executive director.

Mr. Higgins said he could not say exactly how much money in food vouchers may have been distributed incorrectly. "It's really in the hands of the state attorney's office and we've been advised by them and instructed by them not to talk," he said.

State's Attorney Michael Dearington and the United Way's lawyer, John Zandy, were not available for comment.

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OPINION

Commentary and Letters

The Next United Way Issue: the Inequities in How Money Is Allocated to Charities

By MARJORIE F. GRAHAM

SOME PEOPLE PROBABLY WONDER why it took the press so long to look into questionable management and financial practices at United Way of America. In reality, it is more remarkable that anyone did any investigative reporting at all.

Because so many newspaper and broadcasting executives sit on the boards of local United Ways, few journalists have been encouraged to look into allegations of wrongdoing, and those who have investigated have often been punished by their employers. As a result, the public has never been very well-informed about serious controversies that often arise over the way many communities raise and distribute money for health and welfare organizations.

The hesitancy of the press to vigorously cover United Way is not new. Some 30 years ago, when I was a young newspaper reporter, I was assigned to do an article about the recommendations of a New York-based consulting firm hired by the United Way of El Paso County, Tex., to survey local health, welfare, and recreational facilities. United Way paid \$30,000 plus all the expenses of a three-man team, which took three months to do a study that substantially supported projects supported by the United Way. Quite inadvertently, while thumbing through a *Reader's Digest*, I learned that the consulting firm was a subsidiary of United Way. My editor wanted to run the story, but the publisher thought it would be untimely and "damaging." The connection never was disclosed.

It's not just the publishers and broadcasting executives who are to blame.

United Way has also been insulated from close scruti-

ny, nationally and locally, because most of its volunteers are quite prominent in their communities. Whether it's true or not, most United Way campaigns are described as "victories" because their leaders cannot be identified with losses.

Now that the public knows about the abuses at United Way of America, it's time to get word out about the numerous inequities in United Way's system of distributing money to local charities—inequities that harm thousands of non-profits and the people they serve.

Despite indignant claims to the contrary, the process is a highly political one and small, powerless non-profit groups suffer in silence. If they complain about disproportionate distribution of money or allocation formulas that seem to guarantee that certain charities will always triumph, non-profits may well find themselves in disfavor or dropped altogether by United Way.

Few can afford to lose their United Way support, so they accept what they get, along with a condescending pat on the head. They are often told that charity representatives cannot be present during a United Way's final deliberations over allocations because the volunteers who make the decisions about how much each charity should get are "objective."

In reality, allocation decisions are usually based on data generated by United Way's professional staff members and only rubber-stamped by volunteers. The fact that a volunteer board has approved the allocations does not mean the outcomes are justified or fair.

Many charities find that they simply cannot afford to remain in the "caring" embrace of United Way. They receive too little money from United Way and they cannot

MY VIEW

The public has never been very well-informed about controversies over the way many communities raise and distribute money for health and welfare organizations.

LETTERS

Hyperbole Won't Turn Fund Raisers Into Professionals

TO THE EDITOR:

I would like to take exception to Irving Warner's column entitled "Fund Raisers Who Don't Know What They Don't Know" (March 10).

Not only do I find fault with the general premise that the fund-raising field is not a profession, but I find Mr. Warner in error specifically on more than one point. For example, it is inaccurate to say, as he does, that "You can't get a college degree in fund raising." To illustrate my point, I am pleased to enclose a photocopy of my master's degree diploma in fund-raising management which I received in 1983 from the New

School for Social Research, Graduate School of Management and Urban Professions. The program is a part of the Graduate School's Non-Profit Management curriculum.

I would find myself in agreement with Mr. Warner that fund raising has always been a "catchall" profession, in that people often land in fund-raising positions having come from all walks of life. Many of them are, most assuredly, unprofessional, especially in the case of "grassroots" efforts. But in many cases, this occurs because boards of directors, who approach their cause as a "labor of love," are reluctant to accept

that fund raising must be conducted in a professional manner from the office. This naiveté often leads to a reticence to look upon their "avocation" as a "vocation" for the executive sitting behind the desk. Consequently, in too many cases, a paltry salary will be offered in the name of austerity. In this profession, as in most others, you get what you pay for.

True, the certification offered by the National Society of Fund Raising Executives cannot assure future professional behavior. However, I believe the requirements are stringent enough as to distinguish, in most cases, the "pros from the cons."

As to academic training, the master's curriculum in which I studied at the New School for Social Research in New York was a 48-credit curriculum requiring, in my case, three years of night school. My instructors consisted of academics and professional practitioners alike. . . [My] 130-page thesis detailed a year-long project of establishing and developing a new health-related, volunteer-led not-for-profit organization, which continues to help needy people and serve the community to this day.

I further disagree with Mr. Warner because, especially on the higher levels, if the fund-

